



*RENEWABLE
ENERGY
PROGRAM*

NOTICE OF AUCTION 6-01-3

NEW RENEWABLE RESOURCES ACCOUNT

*California Energy Commission
June 2001*

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SECTION 1 - INTRODUCTION

Background

Assembly Bill 1890¹ (AB 1890), enacted on September 23, 1996, provides \$540 million for the support of renewable electricity generation technologies and for the development of a consumer market for renewable power. These funds are being collected from the ratepayers of the three largest investor-owned utilities in California from January 1998 through March 31, 2002, to support existing, new, and emerging renewable electricity generation technologies.

Senate Bill 90² (SB 90), enacted on October 12, 1997, established the **Renewable Resource Trust Fund**, and contains explicit directions for distributing this fund through four distinct accounts:

1. Existing Renewable Resources Account
2. New Renewable Resources Account
3. Emerging Renewable Resources Account
4. Customer-Side Renewable Resource Purchases Account³

Current Funding

Thirty percent of the AB 1890 funds, or approximately \$162 million, was awarded through a previous auction held in June 1998 that resulted in awards for over 500 megawatts of new renewable electrical capacity from 55 winning bidders. A second auction for \$40 million was held in November 2000 that resulted in an additional 17 projects totaling 470 megawatts in new renewable capacity.

This Notice of Auction will distribute an additional \$40 million to prospective new renewable electricity generation projects expected to come on-line by July 1, 2002. Of this amount, \$36.36 million will be awarded based on winning project bids, and \$3.64 million will be awarded as an added incentive to projects coming on-line by June 1, 2002 or sooner.

This Notice of Auction is being released in accordance with the guidelines for the New Renewable Resources Account as revised by the Energy Commission on May 16, 2001.⁴

¹ Statutes of 1996, Chapter 854

² Statutes of 1997, Chapter 905

³ The Customer-Side Renewable Resource Purchases Account is divided into two separate subaccounts – the Customer Credit Subaccount and the Consumer Education Subaccount.

⁴ *Guidebook for the Renewable Energy Program, Volume 2A, New Renewable Resources Account*, Publication #500-01-014V2A.

Summary of Auction

This Notice of Auction requests bids for incentive payments under the New Renewable Resources Account, and will determine winners and losers based upon the simple cents per kilowatt-hour incentive requests in the qualified bids received. Bids will be ranked in order of lowest incentive request to highest, with the cap set at 1.5 cents per kilowatt-hour. Beginning with the lowest request, bids will be accepted as winners until the available funds are depleted or all bids have been accepted. The incentive requests (including potential bonuses for earlier operation), and the amount of estimated generation over five years in the bids will be used to determine when or whether funds in the account are fully allocated in this auction.

Winners in this auction become eligible to receive incentives for generation produced and sold during the first five applicable years of operation after a project is developed and has come on-line, provided the project is on-line by July 1, 2003. Winners will receive a signed Funding Award Agreement from the Commission formalizing the terms of the award, which they must also sign to put the terms of the Agreement into effect.

Winning projects must come on-line as an eligible renewable generator prior to receiving any incentive payments. Projects that include a fossil-fuel component will not be considered to be on-line as an eligible renewable generator until they meet the requirement of using no more than 25 percent fossil fuel in their operation.⁵

After coming on-line, winning projects will provide monthly invoices to the Commission documenting their generation and energy sales for each month. Winning projects that come on-line prior to receiving their award will submit invoices and receive incentive payments during the first five years after receiving their award.

Winning projects are expected to come on-line as eligible renewable generators by July 1, 2002; projects that come on-line by this date are eligible to receive at least 100 percent of their award. Projects that come on-line later than July 1, 2002 will have their awards reduced in accordance with the table below. Projects can only receive incentive payments for generation prior to July 2, 2008.

| Project On-line Date | Percentage of Award |
|----------------------------------|---|
| prior to or on June 1, 2002 | 110 Percent |
| June 2 to July 1, 2002 | 100 Percent |
| July 2 to August 1, 2002 | 90 Percent |
| August 2 to September 1, 2002 | 80 Percent |
| September 2 to December 31, 2002 | 70 Percent |
| January 1, 2003 to April 1, 2003 | 60 Percent |
| April 2, 2003 to July 1, 2003 | 50 Percent |
| July 2, 2003 and beyond | Award may be further reduced or terminated. |

⁵ The content of all fossil fuels used, in the aggregate, may not exceed 25 percent of the total energy input of the facility during a given calendar year consistent with Title 18 of CFR, section 292.204[b]. Please note that a facility that has 25% or less of its electricity generated from fossil fuel meets the definition of renewable under state law for this program, and therefore the entire output of the facility would be considered renewable and eligible for incentive payments.

As shown in the table, projects coming on-line on or before June 1, 2002 will receive a 10 percent bonus on top of their original award, though in no case may the total incentive, including the bonus, exceed 1.5 cents/kWh, or exceed 25 percent of available funds. Projects are expected to make steady progress toward completion. Projects failing to demonstrate satisfactory progress may have their awards terminated, in accordance with the New Renewable Resources Account guidelines.

Bidders should note that this bid is for a limited production incentive amount rather than for the entire revenue compensation for a proposed project. Winning projects are expected to sell the electricity they generate for whatever price it can command in the electricity marketplace. Projects are not entitled to incentive payments without proof of electricity generation and sale.

Ancillary aspects of particular projects, such as transmission constraints or capabilities, capacity value, environmental benefits, and reliability benefits will not be considered in bid evaluation nor will they be considered mitigating factors when calculating payments. Bidders must evaluate and rely on the prospects for market valuation of such characteristics, or prospects of having that value reflected through other programs. For example, the Customer Credit Subaccount provides incentives for consumers in California to purchase eligible renewable energy from 1998 through 2001; this program may be extended as a result of Assembly Bill 995.⁶

These incentives may facilitate development of a “green market” in California, decreasing the transaction costs for viable sales of renewable power generated from facilities that come on-line while these incentives are being paid, or in the market that is developed after these incentives end. While bidders may reflect this or other factors in their bids, they should not expect the Commission to consider these ancillary factors in the bid evaluations, incentive payments, or non-payments in this program.

The Commission reserves the right to cancel or suspend the auction for any reason or no reason at any time prior to the announcement of the auction results. If the auction is canceled or suspended, the Commission will return any bids, along with a statement indicating when or whether a new auction is expected to be held.

Contact Person

Questions or clarifications about this Notice of Auction should be directed to:

Suzanne Korosec, Manager, New Renewable Resources Account
California Energy Commission
1516 Ninth Street, MS-45
Sacramento, CA 95814
Telephone: (916) 654-4516
FAX: (916) 653-2543

⁶ Stat. 2000, Ch. 1051.

Key Action Dates

Key activities and times for this Notice of Auction are presented below. This is a tentative schedule; please call Suzanne Korosec at (916) 654-4516 to confirm dates.

| | |
|-------------------------------------|-------------------|
| Notice of Auction Released | June 13, 2001 |
| Written Questions Due to Commission | June 25, 2001 |
| Pre-Bid Conference | June 28, 2001 |
| Questions & Answers Distributed | July 9, 2001 |
| Bids Due | August 8, 2001 |
| Notice of Auction Results | September 5, 2001 |

SECTION 2 - PROJECT ELIGIBILITY

Eligibility Criteria

Bidders in the auction must submit bids that refer to an eligible project. An eligible project is any proposed to be built, newly constructed, or repowered renewable electricity generation facility (or portion thereof) meeting the definition of project as set forth in the eligibility criteria below.

Prospective bidders are eligible to bid if they meet the criteria below, but must also be prepared to pass four post-auction milestones prior to receiving any payments from the New Renewable Resources Account. Bidders are encouraged but not required to satisfy as many of these milestones as possible prior to the auction.

- 1) **Located in California.** The physical equipment comprising the eligible project must be: (a) wholly located within California, or (b) a separable improvement or enhancement to an operating existing facility⁷ that meets the definition of “in-state renewable electric generation technology” contained in Public Utilities Code Section 383.5(a).⁸
- 2) **Renewable.** Eligible project must use an electricity generation technology or fuel source that is renewable as defined in Attachment 1 of this Notice of Auction.
- 3) **New.** The eligible project must either be:

⁷ “Existing facility” includes projects that were successful bidders in Auctions 1 and 2, as long as separable improvements or enhancements to those projects are separately metered and all other eligibility criteria are satisfied.

⁸ The definition includes existing projects located outside of California if they were certified QFs pursuant to 18 CFR 292.207, and that began selling electricity to California utilities prior to September 26, 1996, under Standard Offer contracts authorized by the California Public Utilities Commission.

- (a) first placed in operation (generating electricity) on or after October 12, 2000 (the release date for Notice of Auction 500-00-504, the auction immediately preceding Notice of Auction 6-01-3); or
 - (b) repowered on or after October 12, 2000, such that at least 80 percent of the fair market value of the project derives from new generation equipment installed as part of the repowering, and the project has no energy being sold under existing Standard Offer 2 or Interim Standard Offer 4 contracts, or negotiated contracts entered into prior to October 12, 2000, with similar terms that provide fixed energy and/or capacity payments;⁹ or
 - (c) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to October 12, 2000, such that the proposed incremental generation is contractually available for sale, metered separately from existing generation at the facility, and the project has no energy being sold under a utility contract entered into prior to October 12, 2000, that provides long-term fixed energy or capacity payments. The separable improvement/enhancement must be first placed in operation on or after October 12, 2000. Any fuel source enhancements that increase generation at an existing facility, without the construction of a new or repowered, separately metered, generating unit, are not eligible to participate.
- 4) **Not Previously Funded.** Projects that received funding awards under the first two New Renewable Resources Account auctions (Notice of Auction 500-97-506 and Notice of Auction 500-00-504, respectively) may not be bid into this auction or receive funding under it, unless the funding awards received for these projects under the prior auctions have been terminated as of the date bids are due under this auction.¹⁰

Winning projects bear the burden of proof and the cost of distinguishing the proposed project from any existing generation at the facility. Repowers of facilities with Standard Offer 2 (SO2) or Interim Standard Offer 4 (ISO4) contracts, or negotiated contracts entered into prior to October 12, 2000, with similar terms that provide above-market fixed energy and/or capacity payments may participate in this auction. If such a project is among the winners of this auction, however, it must provide verifiable evidence that it is no longer associated with these contracts prior to the Commission signing a funding award agreement. Projects with Standard Offer 1 or Standard Offer 3 contracts that meet the other eligibility requirements may participate in the auction and receive production incentives while remaining in these contracts.

⁹ Participation in the auction is allowed with these contracts, but winners must terminate the contracts to become eligible for payments.

¹⁰ To cancel a funding award from a prior auction, a bidder must notify the Commission in writing of the desire to irrevocably surrender the funding award. The surrender of a funding award may not be conditioned upon the bidder's receipt of an award under this auction. Bidders attempting to surrender their funding awards in a conditional manner will be disqualified and not allowed to participate in this auction.

SECTION 3 – ADMINISTRATIVE INFORMATION

Definitions

See Attachment 1 for definitions of terms used in this Notice of Auction.

Commission Can Cancel Notice of Auction

If it is in the State's best interests, the Commission reserves the right to do any of the following:

- cancel this Notice of Auction
- modify this Notice of Auction as needed, or
- reject any and all bids received in response to this Notice of Auction

Incentive payments, as described in each winning bidder's funding agreement, will begin with the first eligible month of generation from the project, or with the authorization of award to the project, whichever is later, and shall expire five years later.

Funding Award Agreement Cancellation or Reduction

The Commission, through its Electricity and Natural Gas Committee (Committee), may cancel or reduce the amount of any funding award agreement awarded through this Notice of Auction for reasonable cause including, but not limited to: 1) a material change in the project or the awardee that results in the project or the awardee becoming ineligible for the program,¹¹ 2) the awardee fails to satisfy any term or condition specified in the funding award agreement, 3) the Commission loses contact with the facility in question and cannot reestablish contact over the course of several months, 4) the authorized project representatives are determined to have knowingly provided false or misleading information about the project in the Project Bid Package, 5) the funding needed to fund a project award is not available through the Renewable Resource Trust Fund, 6) the project in question is not on-line prior to July 2, 2003, or 7) the Commission determines that the project is not making satisfactory progress toward completion.

The Committee decision to cancel a funding award, or any portion thereof, shall be made at a publicly noticed Committee hearing. The Committee shall notify the awardee in writing of the Committee hearing date, the basis for canceling the awardee's funding award, the effective date of cancellation, and the terms and conditions for the forfeiture of any performance bond posted by the awardee or, if the awardee's facility is operational, the terms and conditions for the repayment of any portion of the funding award the awardee was not otherwise entitled to receive. The written notice required herein shall be given to the awardee at least 15 days in advance of the Committee hearing date.

¹¹ For example, the project is no longer renewable, or is transferred to ownership of a utility.

Notification of Bid Rejection

Unsuccessful bidders in this auction will be provided with written notification that their proposed projects were not acceptable, and the reason or reasons for nonacceptance of their bids (bids could be determined ineligible, or incomplete, or rejected because of the level of incentive payment requested).

Appealing or Amending Losing Bids

Losing bidders will not be provided with an opportunity to “improve” their bid with a lower payment request or other alterations of their bid characteristics. Losing bidders have the right to appeal to the Commission only upon the grounds that the Commission’s Renewable Guidelines, as delineated in this Notice of Auction, were not followed. The Commission will not reconsider losing bids if some winning bids drop out after the auction. Losing bidders, however, may participate in any subsequent auctions provided they satisfy the eligibility requirements for that auction

Subsequent Auctions

Losing bidders from an auction may participate with the same or a similar project bid in any subsequent auctions that are held, provided that they meet the eligibility criteria established for those auctions. Any funds not allocated (encumbered) through the auction described herein, or that are made available through penalty payments, termination of grant awards, unforeseen underpayments, and rollover from other Renewable Resource Trust Fund Accounts, may be allocated through subsequent auctions, if deemed necessary with due consideration of market conditions and previous auctions.

Award Adjustments

Any production incentives that winning projects receive or have received from the Existing Renewable Resources Account (for projects that are a repower of or a separable enhancement or improvement to an existing facility) will be subtracted from any New Renewable Resources Account award they receive.¹² Funds that such projects receive as existing projects are considered to be expended from the Existing Account. Awards from the New Account will be adjusted to reflect these previously received funds, but this adjustment does not imply that Existing Account Funds are being used to support New Projects.

¹² It would be unfair for a project to participate materially in the Existing Renewable Resources Program for a significant period of time and then repower and participate materially in the New Renewable Resources Program, effectively receiving up to 9 years of incentive payments.

Addendum

If it is necessary to amend this Notice of Auction, the Commission will mail a formal written addendum to all parties in receipt of the Notice.

Written Questions

Potential bidders may ask questions about the requirements of this Notice of Auction. Bidders must prepare their questions in writing and either mail, FAX, or e-mail them to: Suzanne Korosec, Renewable Energy Program, 1516 9th Street, MS-45, Sacramento, CA 95814, FAX (916) 653-2543, e-mail <skorosec@energy.state.ca.us>. Questions will be answered in writing and distributed to recipients of the Notice of Auction after the pre-bid conference. The deadline for written questions is June 25, 2001.

Pre-Bid Conference

All interested bidders are encouraged to attend the pre-bid conference. Questions may be asked orally at the conference, or submitted in writing to the Commission prior to the conference; written questions are due by June 25, 2001. Following the conference, the Commission will prepare a list of questions and answers that will be publicly disseminated and issued to all prospective bidders. Verbal replies or interpretations will not be binding or official unless subsequently repeated in writing as part of the conference questions and answers document. Please call (916) 654-4516 to confirm the time and date.

June 28, 2001 - 2:00 to 4:00 p.m.
California Energy Commission
1516 Ninth Street, 2nd Floor Conference Room
Sacramento, CA

Bid Submission Date and Location

Each bidder is solely responsible for delivery of its bid to the Commission. The Commission will not accept late bids. Deliver an original and ten (10) typed copies of your bid to the Energy Commission's Renewable Energy Program Office, 1516 Ninth Street, Second Floor, no later than 5 p.m., **August 8, 2001**. No bids shall be considered which have not been received at the place, and prior to the closing time, stated in this Notice of Auction. **Facsimile (FAX) transmission will not be accepted. THERE ARE NO EXCEPTIONS.** Your bid must have the company's name on the outside of the envelope and be addressed as follows:

Notice of Auction 6-01-3
Renewable Energy Program
Attn: Suzanne Korosec
California Energy Commission
1516 Ninth Street, MS-45
Sacramento, California 95814

Method to Deliver Bids

Bids may be delivered by:

- U.S. Mail
- In person, or
- Messenger service

Facsimile (FAX) transmissions shall not be accepted in whole or in part under any circumstances.

Bid Preparation Costs

The Commission is not responsible for any costs associated with bid preparation or project construction or operation, including costs of transmission access. Bidders shall not hold the Commission responsible for any consequences of their bids.

Bid Revision/ Retraction

Any bid may be amended or retracted prior to the bid due date by submitting a revised bid or retraction letter along with a letter identifying the bidder's initial bid and directing the Commission to replace the initial bid with the subsequent revised bid. The revised bid or retraction letter must be delivered to the bid submittal location and must be received by the Commission by the bid due date (see Section 3, page 8 of this Notice). If received on time, the Commission will evaluate the revised bid, or remove a retracted bid from consideration. Otherwise, the initial bid will be evaluated.

SECTION 4 - MANDATORY BID PACKAGE REQUIREMENTS

Complete Bid Package

Every bid must include the required forms and information identified in Attachment 3 (Project Bid Package) of this Notice of Auction, so that the Commission can quickly evaluate the bids received. Bids that do not include the mandatory information described below will be disqualified. To qualify for the auction, all information requested must be included in a bid. Whether a qualified bid wins or loses in the auction will depend only on the cents/kWh payment incentive requested. The estimated generation amounts in the bids will be used to determine when the funds allocated in the auction are depleted.

Confidential Information

All bids submitted to the Commission will be public documents and available for public inspection once the auction is held. Bids should therefore not contain confidential information or data. Any documents or materials in a bid package that are marked

confidential will be returned to the bidder and the bid evaluated without said documents or materials. If the bid is deficient because documents or materials marked confidential have been returned to the bidder, the bid will be disqualified.

Mandatory Documents & Information

To be considered, every bid must include:

- 1) a completed Bid Form (CEC-1890B-2) signed by an officer of the project/bidder;
- 2) a Project Description that includes: a) a technical description of the project; b) a description of project location, c) the project's schedule; d) a list of project permits;¹³ and e) an explanation of the project's eligibility to receive incentive payments; and
- 3) a bid bond in the form of an irrevocable letter of credit and related security agreement, or documentation showing the bidder's exemption from the bid bond requirement. Bidders that are government entities and bidders that provide adequate documentation that they have already applied for their relevant permits for their project, including land use and environmental permits, are exempt from the bid bond requirement.

The documents and information to be included as part of a bid are listed in Attachment 3, Project Bid Package.

Bid Form

Each bid must include a completed Bid Form, CEC-1890B-2 (Attachment 4). This form requests information the Commission will use to evaluate a project's eligibility, rank its bid relative to other competing projects, and determine the amount of the project's award, exclusive of potential bonus awards. The form must include the cents/kWh incentive requested, estimated generation over five years of payment, and demonstration of project eligibility. This form is also used to verify the information in the bid package and to document the bidder's agreement to comply with auction protocol and the requirements for participating in the incentive program. The form must include the full business address of the bidder and the names and phone numbers of authoritative and technical contact persons, and must be signed by one or more authorized representatives of the project having authority to legally bind the bidder. The name and title of each person that signs the form shall be typed or printed below their signature. Satisfactory evidence of authority of each person signing the bid form shall be furnished upon request.

The Cents per kWh Incentive Payment Requested

The cents/kWh incentive payment requested is the one piece of bid information that will be used to rank bids, from lowest incentive request to highest. Those bids with the

¹³ The State of California's Permit Assistance Centers can help you identify the permits you need. For more information please call the CalEPA Permit Centers Headquarters toll free at 1-800-GOV-1-STOP, or visit their web site at www.calgold.ca.gov.

lowest incentive requests will be considered first in the auction. The incentive payment request shall be in denomination no finer than one hundredth of a cent and shall not exceed 1.5 cents per kilowatt-hour. These production incentives will be a constant, nominal cents/kWh amount paid monthly over, at most, a five-year period for eligible generation, beginning with the first eligible month of generation from the project or the authorization of award to the project, whichever is later.

The Estimated Generation Over Five Payment Years

Bidders must, to the best of their ability, accurately estimate the expected capacity and the level of generation that their proposed project will be able to provide over the five years that incentive payments will be received. This estimate, along with the cents/kWh incentive payment requested (including potential bonuses), will be used in the auction to determine the point at which the available funds are expected to be fully depleted. Estimation of the expected generation also has implications after the auction has been held. Underestimation of expected generation could lead to insufficient funds in the New Renewable Resources Account to make the payments. On the other hand, overestimation of expected generation will tie up funds unnecessarily, and is potentially anti-competitive.

Underestimation of generation will be discouraged by limiting incentive payments to no more than the amount of generation proposed in the bid for the project (over five years). That is, a project may end up generating more than originally estimated in its bid, but will only receive incentive payments for the amount reflected in the bid. In addition, to avoid front-loading payments at the beginning of the payment period, payments in each of the first three years will be limited to 25 percent of the project's total award.

Overestimates of generation will be discouraged through reasonableness checks on generation estimates, by limiting incentive payments to five years of actual generation, and by potential penalties for clear overestimates.¹⁴ If the actual generation from a winning project averages less than 85 percent of the estimated generation over the first three years of operation, the cents/kWh incentive payments to the project will be reduced by 25 percent for the remaining two years of payments. In addition, the total project award will be reduced to reflect the observed actual annual generation (as observed over the first three years) and the reduced incentive payments for the last two years. Funds removed from a project award will be held for potential reallocation per the Commission's *Policy Report on AB 1890 Renewables Funding*.¹⁵

A reduction in project incentives and total award due to insufficient generation may be avoided with sufficient notification and reason, and may be appealed to the

¹⁴ The Commission will examine the expected capacity factor for each project, compare to capacity factors experienced by similar existing projects, and require projects with clear discrepancies to clarify their information (bids may be deemed inadequate if clarification is not received). Any changes in the capacity of the project subsequent to the auction will be closely examined. If the capacity change is not clearly justified by post-auction considerations, the Commission may terminate the project grant or otherwise penalize the project.

¹⁵ Publication Number P500-97-002

Commission. Projects that experience or expect a period where a low generation amount due to unforeseen events may trigger the penalty adjustment should notify the Commission.

Bidders are expected to propose estimated generation amounts that reflect relatively constant annual generation over the five payment years. However, bidders may reflect a pattern of increasing generation over the five years if that pattern is expected for the proposed project. Projects should describe their expected pattern of generation over the five payment years in their bid forms.

Demonstration of Project Eligibility

The bidder shall provide documentation that the proposed project meets the eligibility criteria described in this Notice of Auction, including the location, energy source(s), type of project (e.g., first placed in operation, repowered, or separable improvement), and on-line date.

Project Description

Every bid shall include a detailed Project Description that includes 1) a technical description of the project; 2) a description of project location; 3) a project schedule; 4) a list of project permits (both critical path permits required for passage of Milestones 1 and 2, and other non-critical path permits such as building permits); and 5) an explanation of the project's eligibility to receive incentive payments. Winning bidders may be asked to expand upon the Project Description submitted with their bid package prior to the Commission's preparation of a Funding Award Agreement.

Technical Description

The Project Description must contain a complete technical description of the proposed project (as expected by the project developer) in narrative form, including but not limited to:

- Technical specifications of the proposed generation and transmission facilities, including type, size, and capacity.
- Description of expected project operation and electrical power generation over the first five years of the project, including amounts and pattern of generation (load profile).

Project Location

The Project Description must include a detailed description of the project location and surrounding locations, including but not limited to:

- A legal description of the proposed project site and related facilities by section, township, range, county, and assessor's parcel number(s).

- Maps depicting the project site, the immediate vicinity, and general region, including a clear indication on the maps of the location of the proposed project and related facilities.

In addition, the bidder shall provide evidence that the proposed project location can be used as proposed and is owned or controlled by the bidder or an affiliated party, such as the bidder's parent company, subsidiary, or affiliate through a common holding company. Proof of site control documentation may be a deed showing ownership in fee, an irrevocable option to purchase or lease, or contingent option to purchase or lease (e.g., contingent on winning the auction). A contingent option must provide clear control over the site to the bidder until after the expected date of award notification.

Project Schedule

The Project Description shall include a detailed description of the project permitting and construction schedule. The Project Bid Package shall include a schedule table, listing the expected date of achieving Milestones 1 through 4, and specifying any important dates. The table should be considered a summary of the project schedule; additional information and intermediate dates should be provided in a more detailed schedule table or chart.

Project Permits

The Project Description shall contain a detailed listing of all expected project-related permits, licenses, and approvals from federal, state, regional and/or local agencies needed to construct and operate the project. For each permit, license, and approval, the description should provide the name of the permitting agency, its address, the name and telephone number of the contact person, the date of application (actual or intended), and the anticipated approval date. Any specific environmental, land-use, siting, or other permitting issues pertinent to the project should be discussed. The Project Bid Package shall also indicate which permits will be covered in Milestones 1 and 2, and monitored in the Monthly Reports. Only critical path permits, such as those that are required for the project to begin construction, should be included in Milestones 1 and 2. Examples include a conditional use permit or land use permit issued by a local government, an Authority to Construct issued by an Air Pollution Control District, or a commercial use permit or facility construction permit issued by the Bureau of Land Management. Copies of any permits already obtained should be included in the Project Bid Package. Copies of future permits should be forwarded to the Commission project manager or provided with the next Monthly Report, once they have been obtained.

Assurance of Payment Eligibility

The Project Description must include a discussion on the bidder's eligibility to receive incentive payments. The Commission will not pay production incentives for generation that is not eligible for payment from the New Renewable Resources Account. While each payment will depend upon proof of eligible generation sold, the Commission will

not sign funding award agreements for winning projects without an assurance that prospective generation from the project will meet eligibility requirements as follows:

- 1) Projects that involve repowers of facilities with existing SO₂, ISO₄, or similar negotiated contracts with utilities that were entered into prior to October 12, 2000, must terminate their contracts to assure payment eligibility.
- 2) Projects must be intended to produce electricity sold to end-use customers in a manner that does not exclude any applicable competitive transition charge (CTC).¹⁶ Projects must provide a signed statement of intent to sell to applicable customers or to the PX or another scheduling coordinator, or, if available, provide contracts or agreements with potential customers to assure payment eligibility.
- 3) Projects owned by electric utilities must be sold or transferred to separate affiliates in order to assure payment eligibility.
- 4) Projects with affiliated components participating in the Existing Renewable Resources Account or Emerging Renewable Resources Account must have their New Renewable Resources Account components separately metered, or equally distinguishable, to assure payment eligibility. Projects are responsible for provision of and the cost of such guaranteed method of distinguishing between generation that is eligible and generation that is ineligible.
- 5) Projects with a fossil component must document in the Project Description that the fossil component will comprise no more than 25 percent of the total annual generation from the project, as determined on a total energy input basis. As a project begins operation, if a period is expected where more than 25 percent fossil fuel will be required, the project must document the need for and length of this period, and will not be considered on-line as an eligible renewable generator.

A Forfeitable Bid Bond

Bidders must also include a forfeitable bid bond in the form of an irrevocable letter of credit with their bid, or properly document their exemption from the bond requirement as described below. Government entities are exempt from the bid bond requirement. Private entities with Project Bid Packages which include adequate documentation that they have applied for all of the relevant permits, including land use and environmental permits, are also exempt from the bid bond requirement. Failure to provide a bid bond or documentation of exempt status as specified herein will result in disqualification from the auction.

¹⁶ That is, electricity that is used on-site, or is otherwise excluded from applicable CTC payments, is not eligible to receive incentive payments from the New Renewable Resources Account. On-site generation is not eligible because it is not allowed by statute; in addition, it may not be metered or may otherwise be difficult to measure for purposes of the program, and it does not constitute a sale of electricity and therefore cannot provide the independent third-party statement required by the program.

The bid bonds are forfeitable and will be held by the Commission until after the auction. The bid bond shall be equal to 10 percent of the expected total incentive payments in the bid, exclusive of bonus payments, calculated as the incentive payment requested in the bid multiplied by the estimated generation in the bid (over five years). The Commission will hold the bid bond of winning bidders, and will return it after they have completed the first milestone (Application for Project Permits), as discussed in more detail below and in Section 7 of this Notice.

The bid bond provided must take the form of an irrevocable letter of credit, and must substantially conform to the sample letter of credit provided in Attachment 5.1. As part of the bid bond requirement, bidders must also complete and execute the related security agreement provided in Attachment 5.0.

The Commission expects bid bonds to be complete at the time of their submission with the Project Bid Package. However, if a bidder is unable to submit a completed bid bond with its bid because its bank refuses to issue a letter of credit absent an executed security agreement between bidder and the Commission (i.e. one that has been signed by both the bidder and the Commission), the bidder must submit an incomplete bid bond along with a letter from its bank indicating the bank's refusal to issue a letter of credit absent a signed security agreement. Under these circumstances, the incomplete bid bond that is submitted as part of the bid must be as nearly complete as possible and must include a draft letter of credit and a completed (all applicable blanks filled in), signed and dated security agreement.

Upon receipt of the bidder's bid and incomplete bid bond, a Commission representative will execute the security agreement included therein and return it to the bidder who will then have five (5) business days from its certified receipt to resubmit the security agreement and a finalized and completely executed letter of credit to the Commission. Failure to resubmit the security agreement and a finalized letter of credit within this time period will result in the bidder's disqualification.

The forfeitable bid bond is intended to provide a guarantee of performance in the auction, indicating that the bidder is proposing a serious, viable project that is fully expected to be built upon winning the auction. Any additional performance guarantees, beyond the bid bond, the milestones and the proof of generation performance prior to receiving incentive payments contained in this program, are left to decisions in the private market.

Projects that lose the auction will have their bonds returned within two months of the Commission's announcement of auction results. Winning projects will have their bonds returned upon passing Milestone 1, which requires filing for all relevant project permits, including filing for any environmental or land use permits. Applications for permits that are normally sought and obtained toward the end of construction (such as building permits) are not required to pass Milestone 1. Evidence of the satisfactory filing of all such applications shall be required in the form of permit acceptance letters from permitting agencies. Forfeited bonds will be reallocated to subsequent auctions or other

accounts pursuant to the Commission's *Policy Report on AB 1890 Renewables Funding*.¹⁷

Bidders that have already applied for the relevant permits for their project, and thus completed Milestone 1, are not required to submit a bid bond with their bids. However, they must provide evidence of satisfactory filing of all such permit applications. This evidence shall take the form of permit acceptance letters from the permitting government agencies. In the absence of proper evidence documenting an exemption, bidders shall provide a bid bond as required above. An example of an acceptable permit acceptance letter is included as Attachment 6.

In addition, bidders that are government entities are exempt from the bid bond requirement. The Commission will determine the exemption status of government bidders based on the information included in their completed Bid Form (CEC-1890B-2).

SECTION 5 - AUCTION RULES

Participation in the auction and auction results will be governed by the following rules.

Rule 1.

To be eligible for consideration, bids must be sealed, delivered to the location and by the date and time identified in Section 3, page 8 of this Notice, and must contain all required bid information as identified in Section 4 of this Notice.

Rule 2.

Only one bid per project may be submitted. If two or more bids are found to refer to the same proposed project, the bid with the lowest incentive payment request will be considered, or if equivalent, only one bid will be considered at random.

Rule 3.

Bids will not be accepted with incentive payment requests for more than 1.5 cents/kWh.

Rule 4.

Bids will be considered for inclusion in the order of lowest incentive payment request to highest. If including a bid under consideration does not cause the available funds to be equaled or exceeded by the expected total payouts including potential bonus amounts (defined in Rule 8), the bid will be considered a winning bid. If including a bid under consideration causes funds to be equaled or exceeded, or all bids have been considered, the auction will be closed as described in Rules 9 or 10, respectively.

¹⁷ Publication Number P500-97-002

Rule 5.

Bids with equal incentive payment requests will be added as a group to the list of winning bidders, as if they are a single bid. Rule 9 describes what occurs when a group of bids being considered causes the auction to be closed. The auction will not attempt to break ties through additional bid criteria beyond incentive payment requests.

Rule 6.

When the auction is closed, any remaining funds in the account will be held in trust for reallocation in either a subsequent auction or as otherwise determined by the Commission pursuant to Section 383.5 of the Public Utilities Code.

Rule 7.

Bids will not be accepted if the total incentive that may be paid to the project, calculated as the product of the expected generation of the project for five years and the incentive payment request in the bid plus the potential 10 percent bonus exceeds \$10 million, or 25 percent of the total funds available for distribution through this Notice of Auction.

Rule 8.

Expected total payouts will be calculated by adding up the expected payouts to each project included or under consideration, calculated as the expected generation in each bid (over five years) multiplied by the incentive payment request in each bid, plus a potential 10 percent bonus payment. When applying the 10 percent bonus results in payments above 1.5 cents/kWh, the 1.5 cents/kWh cap will be used.

Rule 9.

If a bid or group of bids under consideration causes the expected total payouts to exceed the funds available, the auction will be closed by: reducing the projected generation amounts in the bids under consideration by a percentage amount that will result in the expected total payouts being equal to the funds available, giving those bidders the option of withdrawing their reduced bids from consideration, including bids that are not withdrawn as winning bids, and closing the auction. If the percentage reduction in projected generation exceeds 25 percent, the Commission may, at the Commission's discretion, change the auction closing procedure.

Rule 10.

If all bids have been considered and accepted while expected total payouts remain less than or equal to the funds available, then the auction will be closed.

Rule 11.

Winning projects that do not come on-line as an eligible renewable generator on or before July 1, 2002 will have their awards reduced in accordance with the table below.

| Project On-line Date | Percentage of Award |
|----------------------------------|---|
| prior to or on June 1, 2002 | 110 Percent |
| June 2 to July 1, 2002 | 100 Percent |
| July 2 to August 1, 2002 | 90 Percent |
| August 2 to September 1, 2002 | 80 Percent |
| September 2 to December 31, 2002 | 70 Percent |
| January 1, 2003 to April 1, 2003 | 60 Percent |
| April 2, 2003 to July 1, 2003 | 50 Percent |
| July 2, 2003 and beyond | Award may be further reduced or terminated. |

Rule 12.

Winning projects coming on-line on or before June 1, 2002 will receive a 10 percent bonus on top of their original award, though in no case may the total incentive, including the bonus, exceed 1.5 cents/kWh, or exceed 25 percent of available funds. For purposes of obtaining an additional incentive or incurring a penalty pursuant to Rules 11 and 12, a facility shall be deemed to be on-line and operational on the date the engineer signs its Engineering Certificate (Attachment 8) or the date it first delivers power for sale through the transmission grid as evidenced by a third-party invoice, whichever occurs later in time.

SECTION 6 - BID EVALUATION AND AWARD PROCESS

Bid Evaluation

After the auction date (bid due date), all bids received on time will be evaluated to determine their qualification to participate. Only those bids that include the mandatory information as described above will be included in the auction and considered for awards. During the evaluation of bids, questions may be asked to clarify the elements of a specific bid. Bids that do not include the mandatory information shall be disqualified and ineligible for rewards.

Attachment 2 is the Bid Eligibility Evaluation worksheet the Commission will use to confirm a bid's compliance with the requirements of this auction. Bids will not be returned to bidders, but shall remain the property of the Commission and retained for project files.

Notice of Auction Results

Results of the auction will be announced within one month following the bid due date, unless the Commission notifies bidders otherwise in writing. During this time, the Commission may request clarifying information from individual bidders.

Announcement of the overall auction results does not guarantee payments to winners. Winners must pass four project milestones as described in Section 7 of this Notice.

Winners of the auction will be provided with a written notification that their bid has been accepted. A winning bidder is not, however, assured of payment, nor is any payment implied or to be assumed, until the Commission and bidder have signed a Funding Award Agreement. A sample Funding Award Agreement is included as Attachment 7.

Winning projects will be required to meet a series of project development milestones (described in Section 7 of this Notice) between the auction and expected on-line date, and to submit Monthly Reports to the Commission describing their progress. These milestones and reports will help the Commission track the progress of projects.

A missed milestone may result in penalties or incentive payment forfeiture. The Commission reserves the right to terminate a project award and status as a winner of the auction if a milestone is missed.

Funding Award Agreement

The Commission will prepare a Funding Award Agreement (see Attachment 7) for each winning project following the Notice of Auction Results. The Commission will formally approve a project's Funding Award Agreement once the project has obtained approval of its environmental permits and provided the Commission with a copy of its approved environmental impact report or negative declaration under the California Environmental Quality Act (CEQA) and the Lead Agency's project approval.

SECTION 7 – POST-AUCTION MILESTONES

Milestone 1: Application for Project Permits

The first milestone for all projects will be demonstration of filing of all relevant project construction applications, including filing for any environmental or land use permits. Evidence of satisfactory filing of all such applications shall be required in the form of permit application acceptance letters from permitting agencies. An example of an acceptable permit letter is included as Attachment 6. If the agency refuses to provide such a notice, the applicant may request the Energy Commission to make a determination of the adequacy of its application for purposes of passing Milestone 1. Such a determination will only be made if the applicant makes the request in writing and provides the Commission with (1) a complete copy of the application submitted to the agency in question; (2) a signed certification that the applicant has indeed submitted a

complete application to the agency in question and the agency refuses to provide a written notification of its acceptance of the completed application; and (3) a copy of the written notification from the agency in question stating that it is not the agency's procedure to issue an acceptance letter or notice and thus none will be issued for the applicant. If the Commission acts on the applicant's request, its determination will be limited to the adequacy of the application for purposes of passing Milestone 1, and will make no statement about the adequacy of the application for purposes of the agency in question.

All projects are expected to complete Milestone 1 by June 1, 2002. Projects that fail to meet this deadline shall forfeit their bid bond. The Commission may consider an extension of Milestone 1 beyond this date if the delay was caused by circumstances beyond the bidder's reasonable control. If an extension is granted, the bidder must provide a new or amended bid bond to cover the extended period milestone date.

If a bid bond was submitted as part of the Project Bid Package, it will be returned when Milestone 1 is passed. Applications for permits that normally occur after the start of construction (Milestone 3) for a project, such as a permit to begin operations or a building permit, will not be included in Milestone 1. These permits should still be identified in the Project Bid Package, but passage of Milestone 1 is not contingent on applying for these permits.

What Happens if a Project Does Not Reach Milestone 1?

Failure to achieve Milestone 1 will result in forfeiture of the project's bid bond.

Milestone 2: Permit Approvals Obtained

Achievement of the second milestone requires formal approval of all relevant project permit applications, with the exception of permits that are filed for and approved toward the end of project development (such as building permits).

Milestone 3: Construction Started

Reaching the third milestone requires evidence (a picture of the site, for example) that construction of the project has begun, such as the initiation of foundation or piling work, or the delivery of major equipment to the site.

Milestone 4: Project Completed and On-line

The fourth and final milestone is the project's completion and on-line operation. The on-line date is the start of normal operations after any shakedown period, if necessary. As proof of on-line operation, winning bidders shall be expected to submit the Engineering Certificate included as Attachment 8 of this Notice. This certificate must be completed and executed by a professional engineer, registered to practice in the State of California and having substantial experience in the design, construction and operation of electric

power plants of the same type as the winning bidder's project. The certificate must be based on the engineer's inspection of the facility and its operating records and must verify that the facility is in good operating condition, is operating at or within 15 percent of the facility's design capacity (as specified in the winning bidder's Project Bid Package), and that the facility is using no more than 25 percent fossil fuel to satisfy its total fuel input needs, as determined on a total energy input basis.

As part of meeting Milestone 4, the project on-line date, a project must apply for registration as an eligible renewable generator, using the CEC-1890B-1 registration form -- Attachment 9 -- (or the appropriate replacement form at the time). To receive funding, the project must also complete the State of California Vendor Record (STD-204) -- Attachment 10. The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State provide their Taxpayer Identification Number (TIN) as required by the State Revenue and Taxation Code, Section 18646, and Federal Internal Revenue Code, Section 6109. This form must be on file with the Commission in order for any payments to be made. If you have any questions about this form, please contact the California Franchise Tax Board at 1-800-852-5711.

Progress Toward Completing Milestones

If a project does not expect to achieve one of these milestones, even with delays, the project should notify the Commission as soon as possible in writing. If the project does not show changes in its development that show evidence of progress toward completing a milestone, the Commission will, within two months from the scheduled milestone completion date, determine whether the project award should be cancelled. If the award is cancelled, the funds will be used for subsequent auctions or reallocated for other uses within the Renewable Resources Trust Fund.

If one of the scheduled milestone dates passes without any written notification by the project, the Commission will contact the project and attempt to determine the status of the milestone. If no contact with the project can be established, the Commission will, within two months from the scheduled milestone completion date, determine whether the project award should be cancelled.

Projects are expected to complete Milestone 4 and be on-line and operational prior to January 1, 2003. Projects that are not on-line by this date may have their funding awards reduced or cancelled.

Post-Award Changes in Proposed Project

Projects are expected to go from project award to completion unaltered from their original proposal; that is, projects are expected to be designed and proposed as feasible, permittable, serious projects. The Commission, however, recognizes that some project changes may be required due to permitting requirements or events that are unforeseen by the bidder. The Commission must be notified in advance in writing of any proposed change in a winning project while the incentive program is pending or

operational for that project. Changes that have no material bearing upon the purposes or process of the incentive program, or on the amounts of incentives received by the project, will receive a letter of notification that the proposed change will not affect the project's award. For example, a project's name or owner may change (the second owner must meet eligibility criteria) without materially affecting the program.

Changes having a material bearing upon the purposes or process of the incentive program may, upon determination by the Commission, result in penalties, forfeiture of incentive payments, or termination of grant awards to the project. For example, a project that is sold to a non-eligible owner or becomes non-renewable will materially affect the program.

The Commission will determine an appropriate response, ranging from notification that the proposed change will not affect the project's award, to adoption of penalties and an order terminating the grant award of the project.

Monthly Reports

Winning projects will be expected to submit Monthly Reports to the Commission describing the project's progress towards coming on-line. These reports will be due on the last business day of each month, beginning in the first month after the auction date and ending when the project comes on-line. These Monthly Reports should document **in detail** any progress to date, any progress toward Milestones 1 through 4, any problems compromising progress toward a milestone, proposed resolution of those problems, any changes in the project status or description, any violations of program requirements that have occurred, and any expected or requested changes in schedule along with an explanation of the reason for the requested schedule change.

ATTACHMENT 1 - DEFINITIONS

billing month — the period of time coinciding with a calendar month in which a registered Renewable Supplier is entitled to receive an incentive payment pursuant to this guidebook.

biomass — a biomass technology that utilizes solid fuel, such wood, agricultural waste, and other organic material that may be burned to produce electricity.

competitive transition charge (CTC) — a charge authorized by the California Public Utilities Commission that is imposed on investor-owned utility (IOU) ratepayers (i.e., customers that receive electricity distribution services from the IOU) to recover the costs of utility investments made on behalf of their former customers. The CTC is to be collected in a competitively-neutral manner that does not increase rates for any customer class solely due to the existence of transition costs. [Public Utilities Code Section 367 (added by AB 1890)]

digester gas — gas from the anaerobic digestion of organic wastes.

facility — see ***project***.

fair market value — the value that a project would receive if sold; can be determined by independent assessor in lieu of sale.

geothermal — natural heat from within the earth, captured for production of electric power, space heating, or industrial steam.

investor-owned utility — an utility that is organized as a tax-paying business, whose properties are managed by representatives elected by shareholders.

kilowatt (kW) — one thousand watts. A unit of measure for the amount of electricity needed to operate given equipment. A typical home using central air conditioning and other equipment might have a demand of 4-6 kW on a hot summer afternoon.

kilowatt hour (kWh) — the most commonly-used unit of measure of the amount of electricity consumed over time. It means one kilowatt of electricity supplied for one hour. A typical California household consumes about 500 kWh in an average month.

landfill gas (LFG) — gas produced by the breakdown of organic matter in a landfill (composed primarily of methane and carbon dioxide) or the technology that uses this gas to produce power.

local publicly-owned electric utility — as defined in Public Utilities Code section 9604, subdivision (d), and which includes a municipal utility district, a public utility district, an irrigation district, or a joint powers authority made up of one or more of these entities.

metered — the independent measurement with a standard meter of the electricity generated by a project or facility.

municipal solid waste (MSW) — garbage that does not consist primarily of products manufactured from fossil fuels, which can be processed and burned to produce energy.

new generating equipment — turbines, boilers, or other machinery constructed for electricity generation, with such equipment not placed in service for any purpose prior to installation as part of the project.

on-line date — the date on which the engineer signs the project's Engineering Certificate (Attachment 8) attesting that the entire project has commenced normal, sustained operation and is fully capable of generating electrical power at or above 85% of its designed capacity as specified in the bidder's Project Bid Package and is using no more than 25% fossil fuel to satisfy its total fuel input needs, as determined on a total energy input basis; or, the date the project first delivers power for sale through the transmission grid as evidenced by a third party invoice, whichever occurs later in time.

on-site generation — any electricity generated and used to serve load on the same site where the generating equipment is located.

Photovoltaic (PV) — a technology using a semiconductor that converts light directly into electricity.

Power Exchange (PX) — an independent, nonprofit entity created pursuant to AB 1890 that is responsible for conducting an auction for the generators seeking to sell energy and for loads which are not otherwise being served by bilateral contracts. The PX will be responsible for scheduling generation, determining hourly market clearing prices for its market, and settling and billing for suppliers and retailers using its market.

project — a group of one or more pieces of new generating equipment, and ancillary equipment necessary to attach to the transmission grid, that is unequivocally separable from any other new generating equipment or components. Two or more sets of generating equipment that are contiguous, or that share common control or maintenance facilities and schedules and are located within a one mile

radius shall constitute a single project, if the sets of generating equipment are large enough in combination to be eligible for more than 25 percent of the allocated funds.

renewable — electricity generation facilities using power sources other than those defined as conventional in Section 2805 of the Public Utilities Code, provided no more than 25 percent fossil fuel is used by the facility annually, as determined on a total energy input basis for the calendar year. Specifically: biomass, digester gas, geothermal, landfill gas, municipal solid waste, small hydropower (30 MW or less), solar photovoltaic, solar thermal, and wind.

repower(ed) — generically refers to replacing a significant portion of the generating equipment at an existing facility. In the context of this auction, refers to an existing renewable generation facility that retrofits its existing facility to the point that the value of the retrofit is at least 80 percent of the value of the renovated facility.

separate affiliate — any entity related to or affiliated with an electric utility to which ownership of a project can be transferred in a manner allowing the electric utility to satisfy the ownership test identified in Title 18 of the Code of Federal Regulations, section 292.206.

small hydro — a facility employing one or more hydroelectric turbine generators, the sum capacity of which does not exceed 30 megawatts. For purposes of this definition, “facility” shall be defined in a manner consistent with Title 18 of the Code of Federal Regulations, sections 292.201 et seq., provided however that the size of the facility is limited to 30 megawatts, rather than 80 megawatts.

solar thermal electric — the conversion of sunlight to heat and its concentration and use to power a generator to produce electricity.

standard offer contracts — standard contracts authorized by the California Public Utilities Commission for a utility’s purchase of electric power from a qualifying facility. There were four such contracts: SO1, which pay for as-delivered capacity, with short-run energy payments; SO2, which pay for firm capacity, with short-run energy payments; SO3, which are essentially the same as SO1 contracts but are for facilities with capacity under 100 kW; and ISO4, which pay for firm capacity for up to 30 years, and pay fixed energy payments for the first 10 years of the contract with payments reverting to variable payments in the 11th year.

ATTACHMENT 2 - BID ELIGIBILITY EVALUATION WORKSHEET

- ☐ Bid was sealed and received by due date
- ☐ Bid contains completed form CEC-1890B-2, 10/00
 - ☐ Form is signed
 - ☐ Bid provides the cents/kWh incentive payment requested, and it does not exceed 1.5 cents/kWh
 - ☐ Bid provides the estimated generation over five years
 - ☐ Bid is for an eligible project
- ☐ Bid includes a Project Description
- ☐ Bid includes a forfeitable bid bond that has been properly executed
 - ☐ The bid bond is for the correct amount (10% of bidder's expected total incentive payments)
 - ☐ The bid bond is from a bank that meets Commission criteria
 - ☐ The bid bond is complete -- provides all required information and signatures, and includes completed Attachments 5.0 and 5.1
- or**
- ☐ Bidder is a government entity
- or**
- ☐ Bidder has properly documented their exemption from the bid bond by submitting permit acceptance letters
- ☐ Bid is not marked confidential (Materials marked confidential returned to bidder.)
- ☐ Only one bid per project was submitted
- ☐ Project bid into auction did not receive funding award under NOA 500-97-506
- ☐ Project Bid Package is complete

ATTACHMENT 3 - PROJECT BID PACKAGE

1. Bid Form (CEC-1890B-2)

2. Project Description

- a) Technical Description
- b) Project Location
- c) Project Schedule
- d) Project Permits
- e) Eligibility to Receive Incentive Payments

3. Bid Bond

- a) Irrevocable Letter of Credit
- b) Security Agreement

Or bidder is exempt from this requirement because:

- a) Bidder is a government entity
- b) Bidder has included letters from permitting agencies acknowledging receipt of permit applications

ATTACHMENT 4 – BID FORM

CEC- 1890B-2, 4-01

BID FORM NEW RENEWABLE RESOURCES ACCOUNT



Please submit form to:
California Energy Commission
Renewable Energy Program
Attn: Suzanne Korosec
1516 Ninth Street, MS-45
Sacramento, CA 95814-5512

Please print or type. Please complete both sides of form in its entirety including attachments.

| | | | |
|---|-------------------|---|-------------------------|
| 1. Cents/kWh Incentive Requested _____ | | 4. Total Incentive Payments over First Five Years of Estimated Annual Generation \$ _____ | |
| 2. Capacity of Project _____ kW | | | |
| 3. Estimated Annual Average Generation of Project for first five years after initial on-line date | Year 1 _____ kWhs | Year 3 _____ kWhs | Year 5 _____ kWhs |
| | Year 2 _____ kWhs | Year 4 _____ kWhs | Total _____ kWhs |

BIDDER INFORMATION

| | | | |
|-----------------------------------|-----------|-----------|---------|
| 5. Bidder Name | | | |
| 6. Business Address | | Telephone | E-mail |
| City | State | Zip | Telefax |
| 7. Contact Person (authoritative) | Telephone | | E-mail |
| 8. Contact Person (technical) | Telephone | | E-mail |

PROJECT ELIGIBILITY

| |
|---|
| 9. Expected On-Line Date _____ Month/Day/Year |
| 10. Exact Location of Facility (facility must be wholly located within California) Provide <u>a legal description</u> . _____ _____ _____ |
| 11. Energy Source (check one) <input type="checkbox"/> Biomass <input type="checkbox"/> Digester Gas <input type="checkbox"/> Geothermal <input type="checkbox"/> Landfill Gas <input type="checkbox"/> Municipal Solid Waste <input type="checkbox"/> Photovoltaic <input type="checkbox"/> Small Hydro <input type="checkbox"/> Solar Thermal <input type="checkbox"/> Waste Tire <input type="checkbox"/> Wind <input type="checkbox"/> Other (specify) _____ |

BID FORM NEW RENEWABLE RESOURCES ACCOUNT

PROJECT ELIGIBILITY CONTINUED

12. Classification as a New Project

- ☐ Project is or will be first placed in operation on or after October 12, 2000
- ☐ Project is or will be repowered on or after October 12, 2000, such that at least 80% of the fair market value of the project derives from new generation equipment installed as part of the repower
- ☐ Project is or will be a separable improvement to or enhancement of an operating existing facility first placed in operation prior to October 12, 2000 such that proposed incremental generation is contractually available for sale, separately metered from existing generation, and not associated with an existing utility contract providing fixed energy or fixed capacity payments. Fixed energy or capacity payments are defined as payments to a generator on a price per unit measure that was known or ascertainable at the time the contract was entered into. Fixed payments cannot be based on market conditions, such as short-run avoided costs, since these conditions were not known or ascertainable at the time the power purchase contract was entered into.

13. Does the energy produced from any portion of your project receive fixed energy or capacity payments?

☐ Yes ☐ No

14. Identify the type of contract your project is currently under for any portion of the energy from the project.

☐ SO1 ☐ SO2 ☐ SO3 ☐ ISO4 ☐ Negotiated ☐ None ☐ Other _____ (Specify)

BID BOND

15. You must include a bid bond with your bid equal to 10% of the expected total incentive payments in the bid, calculated as the requested incentive payment multiplied by estimated generation over the first five years of project operation, or document your exemption from the bid bond requirement. The bid bond you provide must take the form of an irrevocable letter of credit and must substantially conform to the sample letter of credit provided in Attachment 5.1. As part of the bid bond requirement, you must also complete and execute the related security agreement provided in Attachment 5.0. Failure to provide a bid bond as specified in the Notice of Auction, including an executed security agreement, will result in disqualification from the auction, unless you document your exemption from the bid bond requirement.

☐ Bid bond included ☐ Permits have been applied for ☐ Government entity

PROJECT DESCRIPTION

16. You must include a Project Description with your bid that include a technical description of the project, description of project location, expected project schedule, description of necessary project permits, and an explanation of the project's eligibility to receive incentive payments.

CONFIDENTIALITY

17. None of the documents or information in your bid package shall contain confidential information or data. Any documents or materials in a bid package that are marked confidential will be returned to the bidder and the bid evaluated without said documents or materials. If the bid is deficient because documents or materials have been returned to the bidder, the bid will be disqualified.

18. DECLARATION

I, (print name and title) _____, as an officer of the Bidder **declare under penalty of perjury that the information provided in this form and all information included in and submitted as part of the attached bid is true and correct to the best of my knowledge. I acknowledge that the eligibility and receipt of any payments from the New Renewable Resources Account is based upon the requirements and conditions set forth in the Commission's guidelines, including the bid protocols and any conditions imposed as part of a Funding Award Agreement, and agree to abide by these requirements and conditions, to the extent applicable, as a bidder in Notice of Auction 6-01-3 and at all times while receiving payments from the New Renewable Resources Account.**

Dated this _____ day of _____, 20____, at _____.
(day) (month) (year) (place of execution)

Signature:

ATTACHMENT 5.0 – BID BOND

NOTICE OF AUCTION 6-01-3 IRREVOCABLE LETTER OF CREDIT AGREEMENT TO PROVIDE SECURITY

NOTE: This Agreement is final and not subject to change by the Bidder. Bidder shall remove this Agreement from the Notice of Auction document and type in all required information.

1. Parties

This Irrevocable Letter of Credit Agreement to Provide Security ("Agreement") is made by and between the California Energy Commission ("Commission"), an agency of the State of California, and _____ ("Bidder"), a _____ hereinafter referred to individually as "Party" and collectively as "Parties."

2. Recitals

- 2.1 Bidder acknowledges that it has read, fully understands, and must comply with the Notice of Auction 6-01-3 ("NOA"), including the Project Milestones given in Section 7 of the NOA.
- 2.2 Bidder further acknowledges that the NOA requires Bidder to provide a forfeitable bid bond ("Bid Bond") in the amount of 10 percent of Bidder's expected total incentive payments under its bid, and allows Bidder to satisfy this requirement by providing an irrevocable letter of credit from a bank (at Bidder's expense) which satisfies the requirements set forth in Section 7 of this Agreement.
- 2.3 Bidder further acknowledges that it has elected to satisfy its Bid Bond requirements for bid submission by obtaining an irrevocable letter of credit ("Letter of Credit"), as attached hereto as Attachment 5.0-A (actual letter of credit) at the Bank in the amount of \$_____. The Letter of Credit provided by Bidder may vary in form but shall not vary in substance with the sample letter of credit provided in Attachment 5.1 of the NOA, or else the Bidder shall be disqualified.
- 2.4 This Agreement executed by Bidder and the Letter of Credit (Attachment 5.0-A) executed by Bank shall be included by Bidder in Bidder's bid package at time of bid submission.

Agreement

In consideration of the covenants and agreements herein contained, the Parties agree that Bidder is to establish and maintain the Letter of Credit as set forth in this Agreement.

4. Term

- 4.1 Bidder shall provide a Letter of Credit (Attachment 5.0-A) executed by the Bank in accordance with the terms in this Agreement. The term of the Letter of Credit shall commence on or before the day Bidder submits its bid in the bid auction.
- 4.2 This Agreement and the Letter of Credit shall remain in effect until the Bidder is no longer required to maintain a Bid Bond under the provisions of this Agreement and the NOA.
- 4.3 This Agreement and Letter of Credit may be terminated by the Commission in accordance with the terms and conditions of the NOA.
- 4.4 This Agreement is not effective until executed by all parties.

5. Bid Bond

- 5.1 The Bid Bond for bid submission shall be equal to 10 percent of Bidder's expected total incentive payments, calculated as the incentive payment requested in the bid multiplied by the estimated generation in the bid (over five years). Note, this information must be provided in the Bid Form, included as Form CEC-1890B-2, Attachment 4 of the NOA.
- 5.2 Bidder hereby establishes its Letter of Credit in the amount of \$ _____ as the Bid Bond. [(_____ cents/kWh incentive requested) x (_____ kWhs, estimated generation of project bid for first five years of operation).]

6. Disbursement and Reduction

- 6.1 If Bidder is not selected as a winning bidder under the NOA the Commission shall return the Bid Bond to Bidder within 60 days of the Commission's announcement of winning bidders unless the Bidder has filed a petition for reconsideration pursuant to the Commission's Overall Guidelines for the Renewable Resource Trust Fund, in which case the Bidder's Bid Bond will be held until resolution of the petition for reconsideration. If the Commission receives a written request from Bidder to withdraw its bid package prior to the bid submission deadline date, the Commission shall return the Bid Bond to Bidder.
- 6.2 If Bidder is selected as a winning bidder under the NOA, the Commission shall return the Bid Bond to Bidder once the Bidder has passed Milestone 1 of its Project Description, as outlined in the NOA, and has provided evidence of this to the Commission in the form of permit acceptance letters from permitting agencies. The Bid Bond shall be returned no later than 60 days after Bidder has provided satisfactory evidence of its completion of Milestone 1. If Bidder does not pass Milestone 1 by June 1, 2002, Bidder shall forfeit all of the Bid Bond as outlined in the NOA and the Commission shall demand payment thereunder. The Commission may consider an extension of the expected completion date of Milestone 1, provided Bidder and Bank extend the expiration date of the Letter of Credit or provide a new letter of credit to the Commission's satisfaction.

- 6.3 Demand for payment under the Letter of Credit shall be made in the form of a Drawing Certificate ("Notice"), as attached hereto as Attachment 5.2, signed by the Commission's Executive Director or a designated representative and presented with the Letter of Credit to the Bank.
- 6.4 Within three business days after receipt of written disbursement instructions from the Commission, Bank shall disburse the funds in accordance with the instructions.
- 6.5 Upon presentation of such Notice, Bank shall disburse the Bid Bond, plus interest, if any, as indicated in such Notice, to the party designated in such Notice. Bank shall release funds in accordance with such Notice without notification to, or approval from, Bidder.

7. Approved Bank

- 7.1 Bidder shall obtain a Letter of Credit from a bank that meets the following criteria:
 - i. For Letters of Credit, the bank shall meet the following:
 - a. The bank shall be insured by the Federal Deposit Insurance Corporation and shall meet the minimum regulatory requirements of the insuring agency.
 - b. The bank shall have equity capital of at least \$500 million; and
 - c. The bank shall have a rating of B/C or better from Thomson Bankwatch.
 - ii. If ownership of the Bank changes, a new Letter of Credit may be required at the sole discretion of the Commission.

8. Administrative Expenses and Bank Fees

- 8.1 Bidder shall be responsible for all costs, if any, of establishing and maintaining the Letter of Credit. Such cost shall be paid by Bidder and in no way shall impair the Commission's rights under the Letter of Credit.

9. Taxes

- 9.1 Bidder shall be liable for any taxes assessed against the distribution of the Bid Bond, if any, and against interest earned on the Bid Bond, if any.

10. Accounting/Termination

- 10.1 Bank shall provide Bidder and the Commission via certified mail a statement detailing the status of the Bid Bond within five days from the date that any addition to or disbursement from the Bid Bond is made. Such statement shall include a record of all additions to and disbursements from the Bid Bond, and shall describe the nature of such additions or disbursements.

11. Liability of Bank

- 11.1 It is understood and agreed that the duties of the Bank are only such as are herein specifically provided.

- 11.2 Bank may act upon any notice, certificate, instrument, request, paper, or other document believed to be genuine and to have been made, sent, signed, or prescribed by the proper Party or Parties, and shall not be liable for any action taken or omitted by it in connection with the performance by it of its duties pursuant to the provisions herein except for its own willful default or negligence, and it shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith or to take any other action likely to involve it in expense unless first indemnified to its satisfaction.
- 11.3 Bank shall be under no obligations or liability for failure to inform parties herein regarding any facts within Bank's knowledge, even though said facts may concern the Bid Bond described herein, provided such facts do not prevent Bank's compliance with these instructions, nor shall Bank be liable for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited, nor as to identify, authority, or rights of any person executing the same. Liability as to Bank shall be confined to the things specifically provided for in this Agreement. This Section 11.3 is not intended to diminish Bank's obligation to provide a proper accounting of the funds held in the Bid Bond and to adequately inform the Commission and Bidder of the status of the Bid Bond.
- 11.4 Bidder shall pay all costs, damages, judgments, and expenses, including reasonable attorneys' fees, suffered or incurred by Bank in connection with or arising out of this Agreement, including a suit in interpleader brought by Bank. In the event Bank files suit in interpleader, Bank shall ipso facto be fully released and discharged from all obligations further to perform any and all duties or obligations imposed upon Bank in this Agreement.
- 11.5 Bidder shall hold Bank harmless from all liabilities, obligations, or claims that may be asserted against Bank by Bidder, the Commission, or any other persons, arising out of the good faith compliance with this Agreement by Bank.

12. Notices

All notices hereunder shall be in writing and, if delivered by hand, shall be deemed delivered on the date of receipt; if delivered electronically, shall be deemed delivered on the next business day; and if sent by certified mail postage prepaid, return receipt requested, shall be deemed delivered when signed for by recipient if addressed to the parties at the addresses set forth below:

CALIFORNIA ENERGY COMMISSION
Office of Chief Counsel
1516 Ninth Street, MS-14
Sacramento, CA 95814

BIDDER

BANK

13. Governing Law

This Agreement shall be interpreted, governed by and construed under the laws of the State of California or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.

14. Amendment

No amendment to this Agreement shall be effective unless it is in writing and signed by the Parties.

15. Successors and Assigns

This Agreement shall not be assigned without the written consent of the Commission and Bidder. If an assignment is permitted hereunder, this Agreement shall inure to the benefit of, and bind the successors and assign of, the Parties hereto.

16. Signature Clause

The signatories hereto represent that they have been duly authorized to enter into this Agreement on behalf of the Party for whom they sign.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and date last written below.

CALIFORNIA ENERGY COMMISSION

By: _____
Name:
Title:
Date:

BIDDER

By: _____
Name:
Title:
Date:

ATTACHMENT 5.1 - COPY OF LETTER OF CREDIT

"SAMPLE"

NOTE: This Letter of Credit may vary in form, but shall not vary in substance.

BID BOND (NOTICE OF AUCTION 6-01-3)

IRREVOCABLE LETTER OF CREDIT

_____("BANK")

IRREVOCABLE LETTER OF CREDIT

Reference Number:

Expiration Date:

BENEFICIARY:

California Energy Commission
c/o Office of Chief Counsel
1516 Ninth Street, MS-14
Sacramento, CA 95814

1. INTRODUCTION

Issuer hereby establishes an Irrevocable Letter of Credit in the favor of the Beneficiary for the account of _____ (Bidder) Address: _____ for the amount of _____ Dollars (\$) _____ and expiring on _____ (June 13, 2002 or later).¹

2. DRAWING CERTIFICATE

The funds provided by this Irrevocable Letter of Credit are available to the Beneficiary upon presentation of a Drawing Certificate, in the form attached hereto, signed by Beneficiary's Executive Director or a designated representative certifying that payment is to be made.

Bank hereby agrees that this Irrevocable Letter of Credit will be duly honored upon presentation and delivery of the Drawing Certificate, if presented as stated above, on or prior to the time of expiration of this Irrevocable Letter of Credit.

¹This date is one year after the NOA was formally released, although Bidder is expected to pass Milestone 1 prior to June 1, 2002.

Within three business days after receipt of written demand from Beneficiary, Bank shall disburse the funds in accordance with the instructions.

3. PARTIAL DRAWING

Partial drawing of funds shall be permitted under this Irrevocable Letter of Credit.

4. NON-ASSIGNABILITY

This Irrevocable Letter of Credit is not transferable or assignable.

5. BANKING FEES

Banking charges or other fees shall be the responsibility of _____ (Bidder)

6. UNIFORM CUSTOMS AND PRACTICE

This Irrevocable Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication Number 500, Article 5 of the Uniform Commercial Code as to matters not inconsistent with the Uniform Customs and Practices, and the laws of the State of California.

7. APPROVED BANK

The Bank warrants that it meets the following requirements:

- a. The Bank is insured by the Federal Deposit Insurance Corporation and meets the minimum regulatory requirements of the insuring agency;
- b. The Bank has equity capital of at least \$500 million; and
- c. The Bank has a rating of B/C or better from Thomson Bankwatch.

AUTHORIZED SIGNATURE FOR BANK

(Name)
Title: _____

**ATTACHMENT 5.2 - DRAWING CERTIFICATE
BID BOND (NOTICE OF AUCTION 6-01-3)
IRREVOCABLE LETTER OF CREDIT**

_____ Bank
_____ Bank Address

SUBJECT: Irrevocable Letter of Credit

Reference Number: _____

Bid Package Number: _____

The California Energy Commission ("Beneficiary") hereby demands payment of _____ Dollars (\$_____). The Beneficiary states and certifies to _____ ("Bank"), with reference to its presentation of this Drawing Certificate under the Irrevocable Letter of Credit No. _____ issued by the Bank in favor of the Beneficiary, that:

1. The Irrevocable Letter of Credit was established to satisfy the Bid Bond requirements as established in accordance with the Notice of Auction 6-01-3(NO A).
2. Demand for payment under the Irrevocable Letter of Credit is being made in accordance with the "Bid Bond (Notice of Auction 6-01-3) Irrevocable Letter of Credit Agreement to Provide Security" between _____ (Bidder) and Beneficiary, dated _____, 20____, and is being made on or prior to the expiration of the Irrevocable Letter of Credit.
3. The Beneficiary is entitled under the provisions of the "Agreement to Provide Security" to payment of sums being demanded.

The undersigned is duly authorized to execute and deliver this Drawing Certificate on behalf of the Beneficiary and to cause the Beneficiary to draw upon the Letter of Credit.

Sincerely,

California Energy Commission

Executive Director or
Designated Representative
cc: Bidder

**ATTACHMENT 6 - PROOF OF BID BOND EXEMPTION/
SAMPLE PERMIT ACCEPTANCE LETTER**

<Date>

<Energy Commission Project Manager>
New Renewable Resources Account
California Energy Commission
1516 Ninth Street, MS-45
Sacramento, CA 95814-5512

Re: Docket No. 98-REN-NEW / Notice of Auction Number _____
Acknowledgement of the Filing of All Necessary Permit Applications.

I, _____ (name, title and agency) _____, hereby acknowledge that _____ (project name) _____ has filed the applications for permits that are necessary to commence construction of a project consisting of _____ (project description) _____, at _____ (project name) _____, the location of which is more particularly described as follows:

(Section, Township, Range, MDB&M)

Should you have any questions regarding this acknowledgement, please call me at _____ (contact number) _____.

Sincerely yours,

Signature block

ATTACHMENT 7 - SAMPLE FUNDING AWARD AGREEMENT

1. **Purpose.** This funding award agreement ("Agreement") is entered into between _____ ("Awardee") and the California Energy Commission ("Commission") for the purpose of creating a funding award pursuant to the Commission's Renewable Resource Trust Fund Guidelines ("Renewable Guidelines") and Notice of Auction 6-01-3 ("NOA"). Awardee was selected as a winning bidder under the NOA and must comply with the terms and conditions of the Renewable Guidelines, the NOA, and this Agreement to be eligible for funding from the New Renewable Resources Account.
2. **Incorporation by Reference.** Neither the Commission's Renewable Guidelines, the NOA nor the Awardee's Project Bid Package dated _____ are attached hereto, but are incorporated by reference and made a part of this Agreement. To the extent there are differences between the Renewable Guidelines and the NOA with respect to this Agreement, such differences shall be governed by the Renewable Guidelines, which may be revised subsequent to this Agreement pursuant to Public Utilities Code section 383.5(g).
3. **Funding Award Amount.** The total amount of Awardee's funding award under this Agreement is \$_____, and is based on Awardee's bid of _____ cent/kWh and the following annual levels of eligible electrical power generation, as stated in Awardee's Project Bid Package. The cent/kWh bid, and consequently the total funding award, may be modified pursuant to Article 4 below.

Year 1 Generation _____ kWh
 Year 2 Generation _____ kWh
 Year 3 Generation _____ kWh
 Year 4 Generation _____ kWh
 Year 5 Generation _____ kWh
 Total _____ kWh

Should Awardee's project fail to generate eligible electrical power at these levels, or fail to come on-line by January 1, 2003, Awardee's funding award may be canceled or reduced as specified in the Renewable Guidelines and the NOA.

4. **Modification of Funding Award.** The cent/kWh bid specified in Article 3 will be increased or decreased depending on the project's on-line date, through application of the cent/kWh bid multipliers shown in the following table:

| Project On-line Date | Cent/kWh Bid Multiplier |
|----------------------------------|---|
| Prior to or on June 1, 2002 | 1.1 |
| July 2 to August 1, 2002 | 0.9 |
| August 2 to December 31, 2002 | 0.8 |
| September 2 to December 31, 2002 | 0.7 |
| January 1, 2003 to April 1, 2003 | 0.6 |
| April 2, 2003 to July 1, 2003 | 0.5 |
| July 2, 2003 and beyond | Award may be further reduced or terminated. |

In no event, however, may the resultant cent/kWh incentive exceed 1.5 cents/kWh.

5. **Term.** The term of this Agreement shall be from the date of execution by both Awardee and the Commission to five years after the project's on-line date, unless terminated earlier by the Commission pursuant to the Renewable Guidelines or the NOA.
6. **Non-Transferability of Funding Award.** The funding award created by this Agreement is specific to Awardee and the _____ project described in the attached Project Description, which is included as part of Awardee's Project Bid Package . This funding award is not transferable or assignable to another project, and may not be assigned to another entity without the Commission's advance written approval .
7. **Assignment.** Awardee shall not assign its rights nor delegate its duties under this Agreement without the Commission's advance written approval.
8. **Indemnification.** Awardee agrees to indemnify, defend and save harmless the Commission, its officers, agents and employees from any and all claims and losses accruing and resulting to any and all contractors, subcontractors, materialmen, laborers, and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with this funding agreement award, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Awardee in the performance of work under this funding agreement award.
9. **Review and Disclaimer.** Review by the Commission of the design, operation, or maintenance of Awardee's project or related interconnection or generation facilities shall not constitute any representation as to the economic or technical feasibility, operational capacity or reliability of such facilities. Awardee shall in no way represent to any third party that the Commission's review of Awardee's project is a representation by the Commission as to the project's economic or technical feasibility, operational capability, or reliability. Awardee is solely responsible for its project's the economic and technical feasibility, operational capability, and reliability.
10. **Eligibility Status.** Awardee has provided evidence of project eligibility as specified in the NOA and must continue to be eligible to receive funding under this Agreement. [Alternative: Awardee shall provide evidence of project eligibility as specified in the NOA by providing the following no later than _____.] Failure to do so may result in Awardee's funding award being canceled or reduced for cause as specified in the Renewable Guidelines and the NOA.
11. **Bid Bond Forfeiture.** Awardee acknowledges that its bid bond may be forfeited for failure to meet project milestones pursuant to the Renewable Guidelines and the NOA.
12. **Funding Award Cancellation.** Awardee acknowledges that its funding award or funding award payments may be reduced or canceled for cause pursuant to the Renewable Guidelines and the NOA.
13. **Funding Award Payments.** Awardee acknowledges that its eligibility to receive funding award payments under this Agreement shall be contingent upon its satisfaction of all terms and conditions set forth in the Renewable Guidelines, the NOA and this

Agreement, including construction and operation of the project as described in the Project Description attached hereto.

14. **Reporting.** Awardee acknowledges its obligation to submit progress reports as specified in the Renewable Guidelines and the NOA.
15. **Invoicing.** Awardee shall invoice for payments under this Agreement in accordance with the procedures specified in the applicable Renewable Guidelines.
16. **Records Retention.** Unless stated otherwise in the applicable Renewable Guidelines, awardee shall:
- keep all records relating to and verifying the accuracy of information stated in an invoice for payment submitted pursuant to this Agreement for a period not less than three years after the end of the calendar year in which payment for the invoice is made;
 - keep all records relating to and verifying the accuracy of information stated in a report submitted to the Commission pursuant to the Renewable Guidelines for a period not less than three years after the end of the calendar year in which the report is submitted; and
 - keep all records relating to and verifying the overall usage, on a total energy input basis, of all fossil fuels and non-fossil fuels used to generate electricity in a given calendar year for a period not less than four years after the end of that calendar year.

17. **Awardee Contact.** Awardee's contact under this Agreement shall be _____. Any notice to Awardee under this Agreement shall be forwarded to the Awardee contact at the following address.

18. **Commission Contact.** The Commission's contact under this Agreement shall be _____. Any notice to the Commission under this Agreement shall be forwarded to the Commission contact at the following address.

California Energy Commission
1516 Ninth Street, MS- ____
Sacramento, California 95814
Attn: _____

19. **CEQA Analysis.** The Commission has reviewed the _____ project and finds that:
- the project has complied with the California Environmental Quality Act (CEQA), or
 - the project is exempt from CEQA under _____, or
 - the project was subject to a formal environmental study under the CEQA and/or the National Environmental Policy Act (NEPA), and that _____

was the lead agency responsible for conducting a formal environmental study and preparing related environmental documents. Commission approval of this Funding Award Agreement is based upon this lead agency's CEQA and/or NEPA study and approval of the project.

- 20. Understanding of Renewable Guidelines and Their Application.** Awardee warrants that it has read and understands the Commission's Renewable Guidelines applicable to the New Renewable Resources Account, and acknowledges that these guidelines govern the payment of any funds under this Agreement and authorize the Commission to cancel or reduce Awardee's funding award or funding award payment for reasonable cause, to conduct random audits of Awardee's invoices, to conduct inspections of Awardee's facilities and books as part of these audits, to initiate enforcement actions to recover any funding award payments the Awardee was not otherwise entitled to receive, to initiate investigations of Awardee to verify fraud or misrepresentation in connection with Awardee's application for or receipt of its funding award or a funding award payment, or to take action as otherwise authorized by the Renewable Guidelines to properly administer the Renewable Resource Trust Fund. Awardee further understands that the Commission's Renewable Guidelines are subject to change and that any changes made to the Renewable Guidelines shall apply to Awardee and its funding award under this Agreement.
- 21. Law Governing.** This Agreement shall be interpreted, governed and construed under the laws of the State of California.

Signature Block

ATTACHMENT 8 - ENGINEERING CERTIFICATE

ENGINEER'S CERTIFICATION OF ON-LINE OPERATIONS

I, _____ (Name of Engineer), am a Professional Engineer registered to practice in the State of California. I have substantial experience in the design, construction, and operation of electric power plants similar to the _____ ("facility"), operated by _____ (name of operator, "Operator") and sited at _____ (location of facility) in _____ (County), State of California.

I have made a physical inspection of said facility and reviewed its operating records and Operation and Maintenance (O&M) Policies. Based on my inspection of the facility and review of its operating records and O&M Policies, it is my professional opinion that:

1. the entire facility is in good operating condition;
2. the entire facility is fully capable of generating at or above 85% of its designed capacity of _____ (kW) as specified in the Operator's Project Description included as part of its bid to Notice of Auction 6-01-3;
3. if applicable, the entire facility uses no more than 25% fossil fuel to satisfy its total fuel input needs, as determined on a total energy input basis calculated over the preceding _____ (period of time); and
4. the entire facility can reasonably be expected to continue producing at or near its designed electrical capacity for at least five (5) years given its O&M Policies.

I have no economic relationship to the entity or entities that designed or constructed said facility and have made my analysis of the facility's operation independently.

I hereby CERTIFY that the above statements are complete, true, and accurate to the best of my knowledge and I therefore set my hand and seal below.

Signed and Sealed

Affix P.E. Stamp

Date: _____

Signature: _____

ATTACHMENT 9 – REGISTRATION FORM FOR NEW RENEWABLE SUPPLIERS

CEC- 1890B-1, REVISED 4/01

☐ ORIGINAL

☐ AMENDED

REGISTRATION FORM FOR NEW RENEWABLE SUPPLIERS



Please submit form to:
California Energy Commission
Renewable Energy Program
1516 Ninth Street, MS-45
Sacramento, CA 95814-5512

*Please print or type.
Instructions for completing this form are
contained in Volumes 2A and 2B of the
Guidebook for the Renewable Energy Program*

FACILITY INFORMATION

| | | | |
|---|---------------------|--|------------|
| 1. Name of Facility | | | 2. CEC ID# |
| 3. Payee Name | | | |
| 4. Payee Address | | | Telephone |
| City | State | Zip | Telefax |
| 5. Contact Person | | Title | |
| Address | | E-mail | Telephone |
| City | State | Zip | Telefax |
| 6. Energy Source <input type="checkbox"/> Biomass <input type="checkbox"/> Digester Gas <input type="checkbox"/> Geothermal <input type="checkbox"/> Landfill Gas <input type="checkbox"/> Small Hydro <input type="checkbox"/> Wind <input type="checkbox"/> Other (specify) _____ | | | |
| 7. Capacity of Facility (in kW) | 8. Operational Date | 9. % of Fossil Fuel used (if applicable) | |

10. DECLARATION

I, (print name and title) _____,
declare under the penalty of perjury that the information provided in this form is true and correct to the best of my knowledge. I acknowledge that the eligibility and receipt of any payments from the New Renewable Resources Account is based upon the requirements and conditions set forth in the Commission's guidelines, and agree to abide by these requirements and conditions, to the extent applicable, at all times while receiving payments from the New Renewable Resources Account.

Dated this _____ day of _____, _____, at _____.
(day) (month) (year) (place of execution)

Signature: _____

ATTACHMENT 10 – STD-204

CEC- 1890B-3, REVISED 4/01

Note: All data submitted on this form is subject to public disclosure



Please print or type

11-1